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**Comparative
analysis of worldwide
association structures**



*ICFO Conference / Charter Committee
23 May 2014*

Country characteristics

Country characteristics

	Population	Number of associations	Model	Public funding	Gifts and donations	Private funding (revenue, etc.)
SOUTH AFRICA	51 million	9,000	-	42%	25%	33%
GERMANY	82 million	580,000	Corporatist	65%	3%	32%
AUSTRIA	8 million	107,000	Corporatist	50%	6%	44%
BELGIUM	11 million	90,000	Corporatist	77%	5%	19%
BRAZIL	197 million	215,370	-	14%	17%	69%
CANADA	34 million	86,000	Liberal	49%	13%	38%
CHINA	1,344 million	1,000,000	-	-	-	-
SPAIN	46 million	45,000	Mediterranean	32%	19%	49%
FRANCE	65 million	1,300,000	Corporatist	58%	8%	35%
INDIA	1,241 million	1,200,000	-	36%	13%	51%
ITALY	61 million	220,000	Mediterranean	37%	3%	61%
JAPAN	127 million	30,000	-	40%	4%	56%
MOROCCO	32 million	44,771	Mediterranean	37%	26%	37%
NORWAY	5 million	115,000	Scandinavian	35%	7%	58%
NETHERLANDS	17 million	50,000	Corporatist	58%	3%	39%
UNITED KINGDOM	63 million	193,000	Liberal	46%	12%	43%
SWEDEN	9 million	220,000	Scandinavian	29%	9%	62%
SWITZERLAND	8 million	76,000	Scandinavian	35%	7%	58%
USA	314 million	1,800,000	-	27%	21%	52%

Models

The main characteristics of European association models:

<p>Scandinavian (social-democratic)</p>	<ul style="list-style-type: none"> • The State assumes a significant part of social policies. • A sector that supplements rather than complements State functions: The Providential State relies on a universal and top-notch social security system. The service provider sector is therefore less developed and there is a large number of associations that defend the interests of citizens. • Close cooperation between civil society and the State. • Significant level of volunteering and a comparatively low employment rate
<p>Rhine (Corporatist)</p>	<ul style="list-style-type: none"> • A large and professionalized association sector • Significant service provider development in the health and social sector • Substantial public funding for the payment of services
<p>Anglo-Saxon (Liberal)</p>	<ul style="list-style-type: none"> • Low level of State spending in terms of social policy and privatization of social services • Highly structured and professionalized association sector that intercedes where the State does not • A high level of dialogue between the State and associations • Volunteering on a large scale (long Puritan tradition of private charity initiatives)
<p>Mediterranean (emerging)</p>	<ul style="list-style-type: none"> • A history (dictatorships) and a culture (importance of religion and family) in which the association sector has only recently emerged and is currently being structured • Level of volunteering that is still low • Significant public investment • Importance of local and regional echelons in exchanges with the association sector
<p>Eastern</p>	<ul style="list-style-type: none"> • A sector at its lowest European level as it was suppressed until 1989 • Low level of public funding as is the case with the volunteering commitment • Preponderance of commercial revenues and donations are quite significant • Level of public expenditure for social protection one of the lowest in Europe

Legal and regulatory context

Legal and regulatory context (1/2)

Country	Applicable law	Audit obligation	Publication of accounts
South Africa	Non-Profit Organizations Act	Yes	Yes
Germany	Article 21 et seq. of the Civil Code and the provisions of the Law of Associations	If the annual revenue exceeds K€ 250	Yes
Austria	-	-	-
Belgium	Law of 27 June 1921 and Law of 2 May 2002	If the organization is "very large"	Yes
Brazil	Law on social organizations	-	-
Canada	Charities Act	Yes	Yes
China	Charity Act	No	Yes
Spain	Law of Associations	Yes	Yes
United States	US Internal Revenue Tax Codes and the Internal Revenue Code	Up to K\$ 250 in revenue, the organization only requires internal control, between K\$ 250 and K\$ 500, the financial statements must be reviewed by an independent auditor, over K\$ 500 the financial statements must be audited by an independent auditor	Yes
France	Law of 1 July 1901 and Law of 9 December 1905	- If the revenue (gifts or grants) exceeds K€ 153 (article L.612-4 of the French Commercial Code). - Article L.612-1 the French Commercial Co (based on whether certain thresholds are reached)	Yes

Legal and regulatory context (2/2)

Country	Applicable law	Audit obligation	Publication of financial statements
India	Indian Trusts Act of 1882 and the Charitable and Religious Trusts Act of 1920	Yes	Yes, if not possibility of losing tax exemption
Italy	Civil Code Regulation	If total revenue exceeds €1 million	Yes
Japan	Association and Foundation law	-	-
Morocco	Dahir n° 1-58-376 du 3 jourmada I 1378 (15 November 1958)	Yes (association recognized as being of public utility)	Yes, report to the Government General Secretary
Norway		Yes	Yes
Netherlands		Yes	Yes
United Kingdom	Charities Act of 1992 and 1993 amended in 1996 and in 2006	Mandatory, if resources exceed K£ 500 (independent review of the financial statements required for revenue from K£ 10 to K£ 500)	If charity revenue exceeds £10,000, or if the “charity commission” so requests, an annual report covering all the accounts must be prepared
Sweden	Charitable Trust law	Yes	Yes
Switzerland	Non profit law	Yes (basic review of the financial statements for small associations)	Yes

Tax

Tax provisions

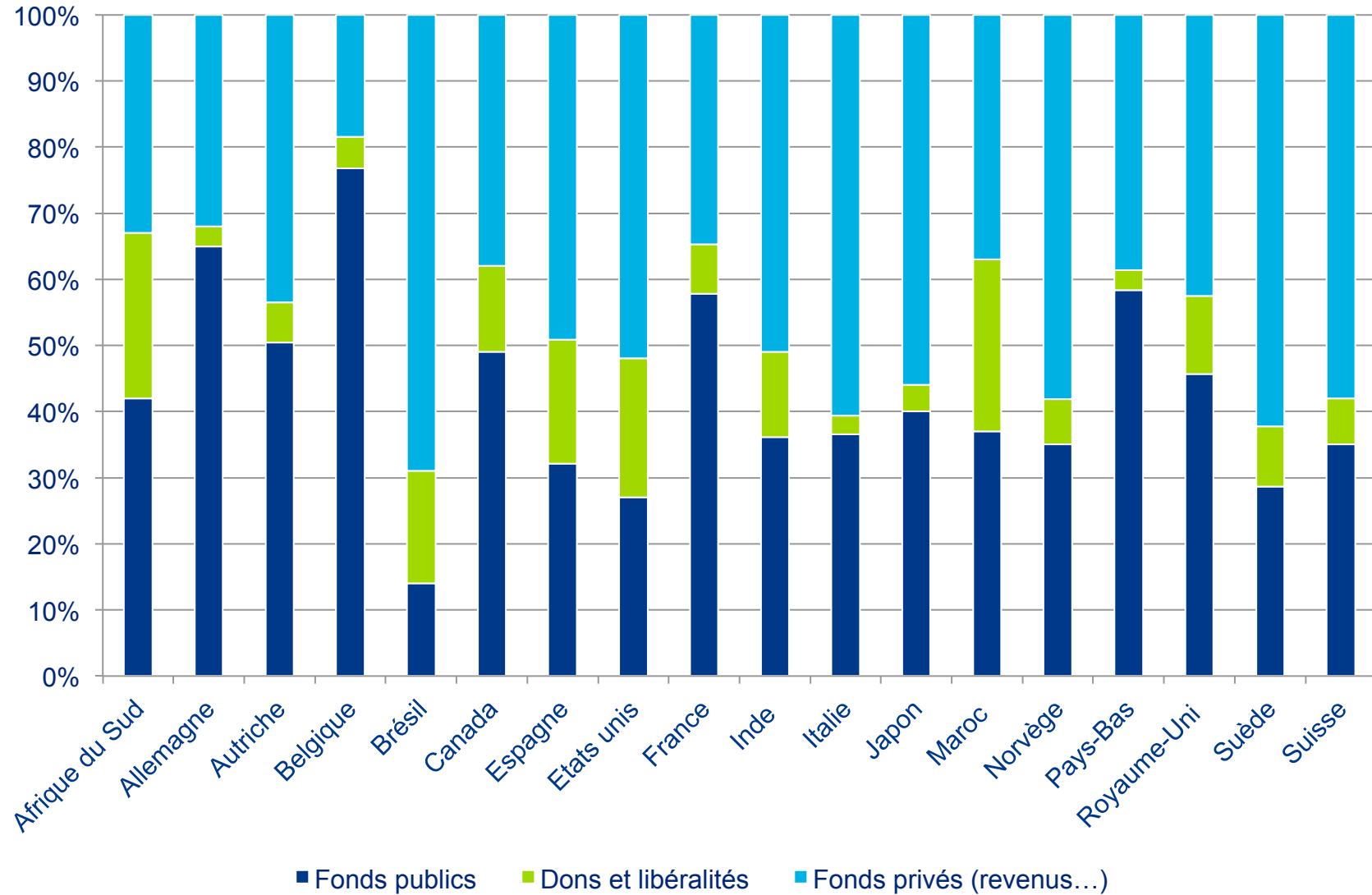
Country	"Business" taxes	Donation incentives
South Africa	Exemption for Public Benefit Organizations	Deduction of up to 10% of taxable income
Germany	Exemption	Deduction from taxable income
Austria	Exempted if "useful and indispensable" to the corporate purpose	Deduction from taxable income (based on the beneficiaries listed by the public authorities)
Belgium	Exemption of recognized associations, except for property tax and investment income	Deduction from taxable income
Brazil	Exemption	Deduction from taxable income
Canada	Exemption	Tax reduction
China	Partial or total exemption	Deduction from taxable income
Spain	10% taxation of earnings from activities that do not correspond to the association's purpose	Tax reduction
United States	Federal tax exemption for non-profit activities	Deduction from taxable income
France	Exemption for incidental income not exceeding €60,000	Natural persons: 66% tax reduction for up to 20% of taxable income (75% for certain organizations, reduction capped at €521) Legal entities: 60% tax reduction for up to 0.5% of revenue

Tax provisions

Country	"Business" taxes	Donation incentives
India	Exemption	Deduction from taxable income
Italy	Exemption for recognized associations, except income from movable and immovable property	Tax reduction
Japan	Commercial pursuits relating to an association activity are exempt	Option of a 40% deduction from taxable income or a 25% income tax credit
Morocco	Total and permanent exemption	Deduction from taxable income
Norway	Exemption	Deduction from taxable income
Netherlands	Exemption up to an annual income of €7,500 and €37,500 accumulated over last 4 years, except for special associations which are totally exempt	Deduction from taxable income
United Kingdom	Exemption	Deduction from taxable income
Russia	-	Deduction from taxable income
Sweden	Partial exemption for public utility associations	No incentive
Switzerland	Exemption for general interest organizations	Deduction from taxable income for up to 10% of the latter provided that total annual payments exceed €67

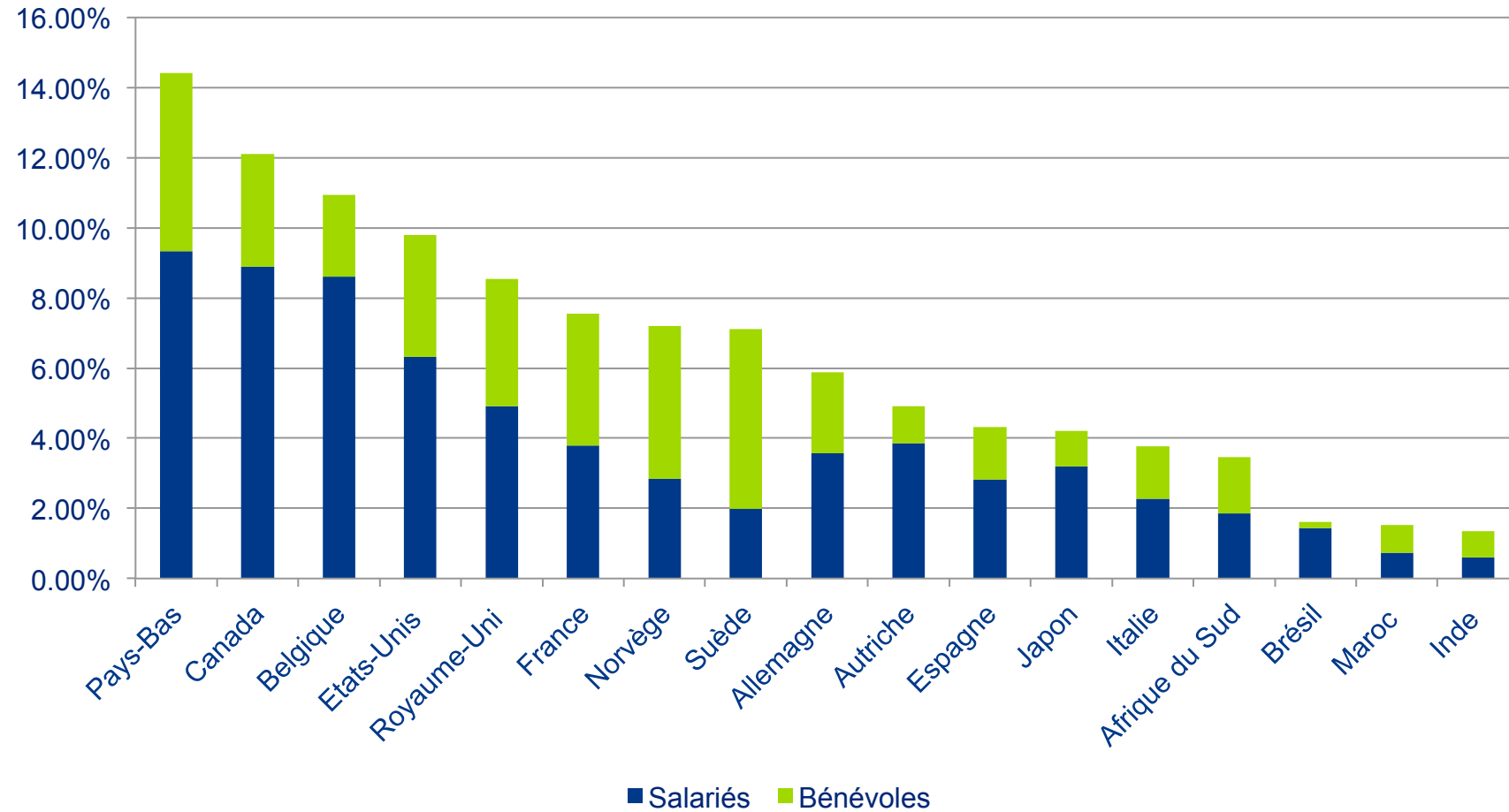
Financial resources

Association sectors budget by funding source



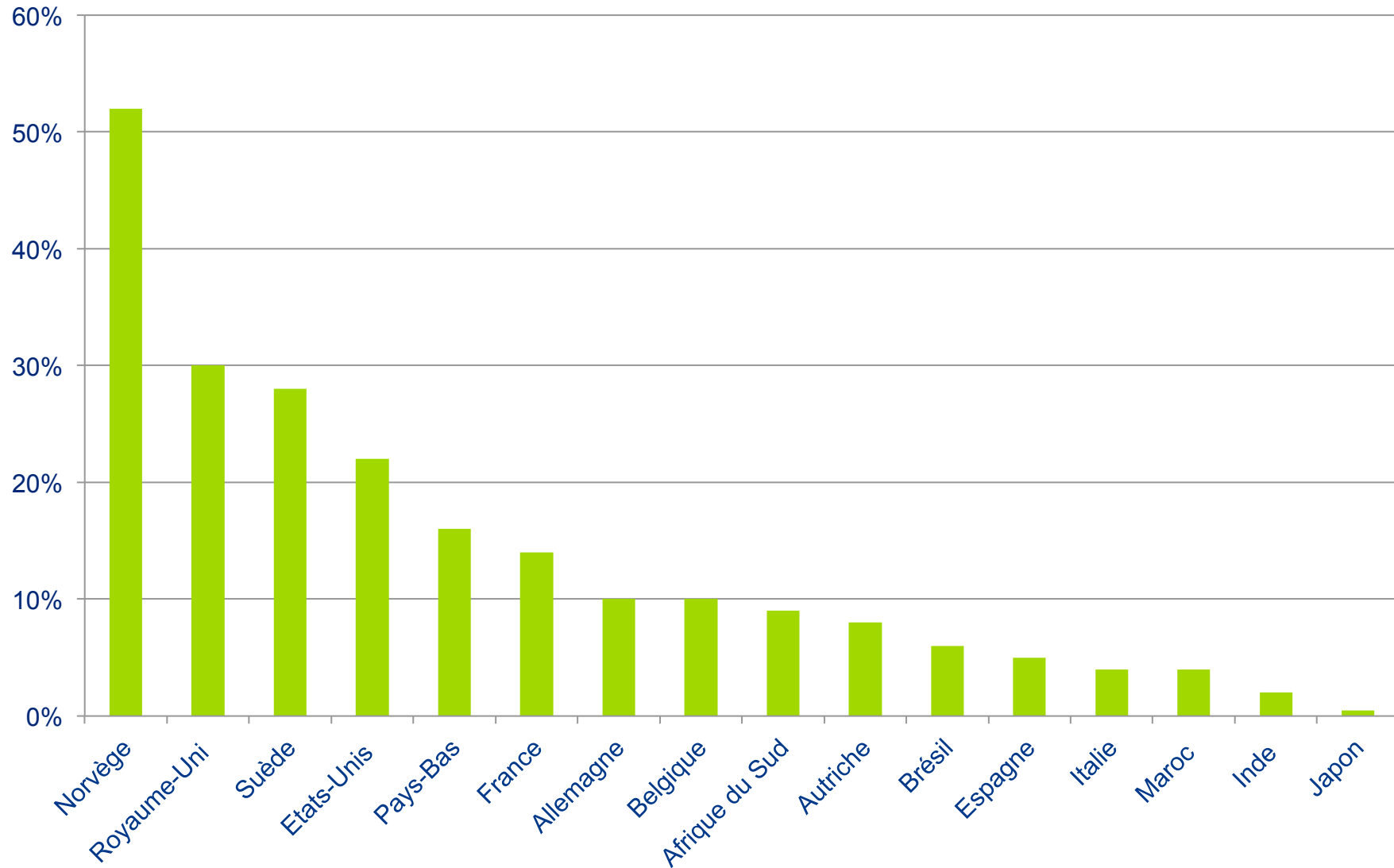
Workforce

Percentage of employees and volunteers in relation to active population



Volunteers

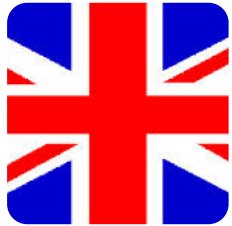
Percentage of volunteers in the adult population



Best practices

Sharing of best practices and outlook for change

- Financial resources: Collection and Revenue



Collection diversification and stimulation: Payroll Giving Scheme, profit shedding, lottery, by-products, charity boutiques, ethical investments, etc.



Towards a greater mobilization of sponsors, companies, individual donors, former students, partners for simplified fundraising, going beyond our cultural barriers by, for example, raising hundreds of thousands of euros to finance research, university teaching projects, chairs, etc.

Sharing of best practices and outlook for change

- Tax incentives



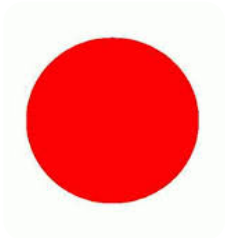
Additional deduction for donations relating to the creation of a Foundation



Greater deductibility for the funding of priority programs

Sharing of best practices and outlook for change

- Tax incentives



Commercial pursuits directly related to an association activity/purpose are exempt from business taxes

Sharing of best practices and outlook for change

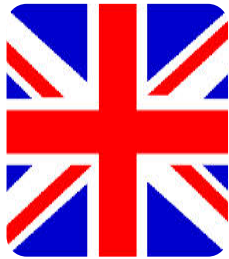
- Human resources: Employees and Volunteers



Highly professional employees with specific training

Sharing of best practices and outlook for change

- Human resources: Employees and Volunteers



Incentive to voluntary work from a very young age

Sharing of best practices and outlook for change

- Human resources: Employees and Volunteers



Campaigns organized to promote awareness of the benefits and opportunities of volunteer work

Sharing of best practices and outlook for change

- Association sector organization and policies



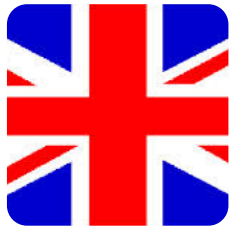
Creation of mandatory reserves for associations to fund working capital, employee contracts



Law of 26/12/2002 on foundations: elimination of prior administrative authorization and easing of accounting obligations

Sharing of best practices and outlook for change

- Control and transparency



- Charity Commission (charity authorization and control)
- Evaluation of the efficiency of associations – Performance - Efficiency measurement
- Complete activity report covering an association's efficiency – A good governance code has been published by the National Governance Hub



Basic internal control, examination of the accounts or limited review, in-depth audit based on level of resources, size of the association.

Sharing of best practices and outlook for change

- Control and transparency



- Strengthening and tightening of control by public authorities, rationalization of resources
- Set-up of standards to measure the efficiency of services rendered with respect to resources allocated.

Sharing of best practices and outlook for change

- Change in the legal status of associations



Creation of a European association status



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